## **Consultant Fee Calculation Worksheet**

This technique will ensure consideration of the relative value of the appropriate factor in the establishment of a fee objective in the conduct of negotiating and provide a basis of documentation of the fee objective.

In negotiating a fee as an element of price, a reasonable fee shall be negotiated or determined for each agreement by using the following procedure as a guide:

Weighted Guidelines			
Factor	Rate	Weight	Value
Degree of Risk	25		
Relative Difficulty of Work	20		
Size of Job	15		
Period of Performance	15		
Assistance by the State	15		
Sub-consulting	10		
Total			

Based on the circumstances of each agreement and/or supplement, each of the above factors shall be weighted from .17 to .35 as indicated below. The value shall be obtained by multiplying the rate by the weight. The value column, when totaled, indicate the fair and reasonable fixed fee and/or profit percentage of the direct (raw) labor costs for the agreement and/or supplement.

**Degree of Risk:** Where the design involves no risk or the degree of risk is very small the weighting should be .17; as the degree of risk increases, the weighting should be increased up to a maximum of .35. Agreements with options will have, generally, a higher weighted value than contracts without options for which quantities are provided. Other things to consider: nature of design, responsibility for design reasonableness of negotiated costs, amount, and type of labor included in costs, amount of executive management/principal time required.

**Relative Difficulty of Design:** If the design is most difficult and complex, the weighting should be .35 and should be proportionately reduced to .17 on the simplest of jobs. This factor is tied in, to some extent, with the degree of risk. Some things to consider: the nature of the design, what is the time schedule; etc.; and rehabilitation of new work.

**Size of Job:** All agreement (estimated) total costs less \$100,000 shall be weighted at .35. The fixed fee percentage should be proportionately weighted for those projects between \$100,000 and \$5,000,000 may be proportionately weighted from .34 to .21. Agreements from

\$5,000,000 to \$10,000,000 may be proportionately weighted from .21 to .17 and work in excess of \$10,000,000 at .17

**Period of Performance:** Agreements and/or supplements that are 24 months or longer, are to be weighted at .35. Agreements of lesser duration are to be proportionately weighted to a minimum of .17 for work less than two (2) months.

**Assistance by the State:** To be weighted from .35 in those situations where few items are provided by the state to .17 in those situations where the state provides many items. Things to consider: existing design or plans, mapping, quantities, surveys, geotechnical information, etc.

**Sub-consulting:** To be weighted in proportion to the amount of sub-consulting. Where 40% or more of the design is to be contracted, the weighting is to be .35 and such weighting proportionately decreased to .17 where all the design is performed by the consultant's own forces.

**Note:** If the Federal Highway Administration (FHWA) funds the project, the allowable fixed fee/profit percentage may not exceed 15% of direct labor plus overhead costs. In addition, the fixed fee/profit percentage may not exceed 35% of direct labor costs only.

When considered necessary because of unusual circumstances or local conditions, the range of weight may be increased above .35 if supported by adequate justification and approval of the Assistant Secretary of Environmental and Engineering Service Center.